IN REPLY
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J-4/CSO-I

JUN 0 6 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Defense Logistics Agency (DLA) Policy for Supply Support of Foreign
Military Sales (FMS)

This policy letter is provided to clarify how DLA provides supply support for FMS non-Cooperative Logistics Supply Support Arrangement (CLSSA) requisitions, explains release authority for backorders in the Standard Automated Materiel Management System (SAMMS) and Business Systems Modernization (BSM), and addresses the maximum number of days backorders may remain in Type 5 status.

DLA manages non-CLSSA requisitions consistent with the policy written in the Security Assistance Management Manual (SAMM), DoD 5105.38M in Attachment 1. In this regard, DLA Supply Centers will issue assets down to the reorder point level. For the purpose of implementing paragraph C6.4.2.1.2 of Attachment 1, regarding procedures for satisfying non-CLSSA FMS backorders, the specific procedures provided in Attachment 2 apply to all DLA Supply Centers.

Our point of contact for this matter is Ms. Linda Kimberlin, DSN 427-7515 or commercial (703) 767-7515.

KIM J HUNTLEY
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Customer Support Office
Customer Operations and Readiness

Attachments

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C6.4.2.1. Standard Requisitions. For standard requisitions (non-Cooperative Logistics Supply Support Arrangements (CLSSA)), the Inventory Control Point (ICP) processing the requisition generally issues the assets down to the item's reorder point level. To the extent authorized by the Type of Assistance (TA) and Source of Supply (SOS) codes assigned to the LOA line item, requirements that cannot be satisfied at reorder level may be filled by one of the following methods. (The following may not be all inclusive of appropriate support options.)

C6.4.2.1.1. The ICP director or designee may authorize issuance below the reorder point if the item can be readily procured; assets are due in from contract; and/or U.S. Forces' support is not jeopardized.

C6.4.2.1.2. The Item Manager may place the requirement on backorder. Once the procurement lead-time elapses, the backorder is eligible for release.

C6.4.2.1.3. The Item Manager may initiate an immediate procurement action.

C6.4.2.1.4. If an item is supported by direct vendor delivery, prime vendor, or contractor custody inventory, the requisition may be processed without delay, as long as the contract allows Security Assistance orders and U.S. Forces' support is not jeopardized.

Attachment 1

DLA Non-CLSSA Requisition Processing Policy
(DoD 5105.38M)

For both SAMMS and BSM requisitions, all items that cannot be satisfied immediately will be placed on backorder. Both systems have been programmed with average procurement and administrative lead times (PALT) of 120 days for Defense Supply Center Columbus and Defense Supply Center Philadelphia and 180 days for Defense Supply Center Richmond.

Under SAMMS processing, the requisition will backorder at the Reorder Point for a procurement lead-time as described in the paragraph above. The Item Manager will release backordered items when the asset levels move above the reorder point, in accordance with the DoD 4000.25-1-M, Military Standard Requisition and Issue Procedures (MILSTRIP) and the SAMMS Manual. The Item Manager may also direct release of the backorder during regular reviews of the backorder reports by issuing materiel to one-half the reorder point.

BSM backorders will automatically release when adequate stock is available above the Foreign Military Sales Order Processing Level (FOPL), which is the BSM equivalent of the reorder point in SAMMS. In BSM, the backorder will automatically move from a Type 5 Backorder to a Type 1 Backorder, at the passing of the actual procurement leadtime of record or a maximum number of days (120-DSCC/ DSCP or 180-DSCR), whichever is less. As stock becomes available, BSM Type 1 Backorders will issue under the criteria in MILSTRIP. The personnel in the Customer Relationship Management (CRM) cell, specifically the Customer Account Specialist, may also direct issues outside of the standard sequence, in Times of need, similar to the Item Manager in SAMMS issuing below the reorder point.

Attachment 2